

**VISIONS OF INDEPENDENCE
INC.**

Financial Statements
For the year ended March 31, 2016

VISIONS OF INDEPENDENCE INC.
Financial Statements
For the year ended March 31, 2016

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Independent Auditor's Report

To the Board of Directors
VISIONS OF INDEPENDENCE INC.

We have audited the accompanying financial statements of **VISIONS OF INDEPENDENCE INC.** which comprise the statement of financial position as at March 31, 2016 and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements, and the results of its operations and its cash flows for the year ended March 31, 2016 presents fairly, in all material respects, the financial position of **VISIONS OF INDEPENDENCE INC.** as at March 31, 2016 in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants

Winnipeg, Manitoba
June 20, 2016

VISIONS OF INDEPENDENCE INC.
Statement of Financial Position

March 31	2016	2015
Assets		
Current Assets		
Cash	\$ 523,632	\$ 528,879
Accounts receivable (Note 2)	558,654	349,968
Prepaid expenses	23,129	4,997
	1,105,415	883,844
Capital assets (Note 3)	2,330,209	2,395,302
	\$ 3,435,624	\$ 3,279,146

Liabilities and Net Assets

Current Liabilities

Accounts payable and accrued liabilities	\$ 121,347	\$ 87,434
Wages and vacation payable	192,988	315,264
Working capital advance - Department of Families	145,602	145,602
Jubilee Fund Loan (Note 5)	31,445	41,679
Current portion of long-term debt (Note 6)	78,101	75,184
	569,483	665,163
Long-term debt (Note 6)	1,436,507	1,514,175
Deferred contributions (Note 8)	68,206	71,171
	2,074,196	2,250,509

Commitments (Note 9)

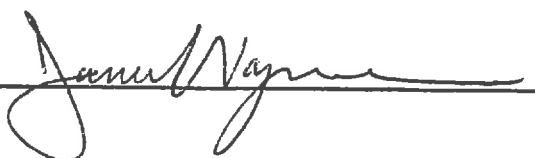
Net Assets

Invested in Capital Assets	755,381	732,525
Unrestricted	606,047	296,112
	1,361,428	1,028,637
	\$ 3,435,624	\$ 3,279,146

Approved on behalf of the Board:



Director



Director

The accompanying notes are an integral part of these financial statements.

VISIONS OF INDEPENDENCE INC. Statement of Operations

For the year ended March 31	2016	2015
Revenue		
Province of Manitoba - Department of Families (Note 7)	\$ 6,546,271	\$ 5,104,892
Winnipeg Regional Health Authority	44,287	97,378
Program revenue	12,981	-
Amortization of deferred contributions (Note 8)	2,965	2,965
Rental revenue	7,842	360
Fundraising and miscellaneous	14,161	9,674
Interest	1,769	2,184
Public Trustee	20,080	18,720
Grants	7,915	7,266
	6,658,271	5,243,439
Expenditures		
Advertising	2,354	2,692
Amortization	119,152	108,340
Board expenses	8,515	8,036
Consulting and IT support	41,895	30,123
Employee Benefits	629,243	496,463
Food	150,455	129,344
Furniture and equipment	26,888	46,736
Housewares	39,987	27,012
Insurance	20,386	21,711
Interest and bank charges	2,250	3,606
Interest on long-term debt	59,796	52,152
Membership and dues	6,533	9,057
Office supplies and equipment	33,213	27,882
Payroll tax	99,779	74,316
Professional fees	34,095	24,396
Program supplies	22,647	23,075
Property taxes	27,993	22,819
Recreation and leisure	13,858	10,193
Rent	164,223	145,475
Repairs and maintenance	132,909	57,923
Salaries	4,481,770	3,627,550
Sundry	3,089	-
Telecommunications	62,839	51,494
Training	19,053	17,190
Transportation	58,296	49,129
Utilities	64,262	62,820
	6,325,480	5,129,534
Excess of revenue over expenditures	\$ 332,791	\$ 113,905

The accompanying notes are an integral part of these financial statements.

VISIONS OF INDEPENDENCE INC.
Statement of Changes in Net Assets

For the year ended March 31	2016			2015
	Invested in capital assets	Unrestricted	Total	Total
Net assets , beginning of year	\$ 732,525	\$ 296,112	\$ 1,028,637	\$ 914,732
Excess (deficiency) of revenue over expenses	(116,187)	448,978	332,791	113,905
Purchase of capital assets	54,058	(54,058)	-	-
Repayment of long-term debt	84,985	(84,985)	-	-
Net assets , end of year	\$ 755,381	\$ 606,047	\$ 1,361,428	\$ 1,028,637

VISIONS OF INDEPENDENCE INC.
Statement of Cash Flows

For the year ended March 31	2016	2015
Cash Flows From Operating Activities		
Excess of revenue over expenditures for the year	\$ 332,791	\$ 113,905
Adjustments for:		
Amortization of capital assets	119,152	108,340
Amortization of deferred contribution	(2,965)	(2,965)
	<u>448,978</u>	<u>219,280</u>
Changes in non-cash working capital:		
Accounts receivable	(208,686)	139,120
Prepaid expenses	(18,132)	-
Accounts payable and accrued liabilities	(88,364)	25,881
	<u>(315,182)</u>	<u>165,001</u>
	<u>133,796</u>	<u>384,281</u>
Cash Flows From Financing Activities		
Repayment of long-term debt	(84,985)	(70,416)
Proceeds from long-term debt	-	382,000
	<u>(84,985)</u>	<u>311,584</u>
Cash Flows From Investing Activities		
Contributions relating to capital assets	-	74,136
Purchase of capital assets	(54,058)	(706,556)
	<u>(54,058)</u>	<u>(632,420)</u>
Net increase (decrease) in cash	(5,247)	63,445
Cash, beginning of year	528,879	465,434
Cash, end of year	\$ 523,632	\$ 528,879

The accompanying notes are an integral part of these financial statements.

VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

For the year ended March 31, 2016

1. Nature of Operations and Summary of Significant Accounting Policies

Nature and Purpose of Corporation

Visions of Independence Inc. was incorporated under the laws of the Province of Manitoba as a non-profit corporation with registered charity status for income tax purposes. The purpose of the organization is to provide housing and other support to individuals with intellectual disabilities.

Basis of Accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue Recognition

The organization follows the deferral method of accounting for contributions which include donations and government grants.

The organization is funded primarily by the Department of Families of the Province of Manitoba in accordance with budget arrangements established by the Province. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in the subsequent period. These financial statements reflect agreed funding arrangements approved by the Province with respect to the year ended March 31, 2016.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions for the purchase of property and equipment are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired property and equipment.

Rental income is recognized in accordance with the terms established between the organization and the tenant.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets in actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs are the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

VISIONS OF INDEPENDENCE INC.

Notes to Financial Statements

For the year ended March 31, 2016

1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Capital Assets

Purchased capital assets are recorded at historical cost less accumulated amortization.

Capital assets are amortized using the following rates and methods:

Buildings	4% straight-line (25 years)
Leasehold improvements	20% straight-line (5 years)
Computer equipment	55% straight-line (2 years)
Furniture and equipment	20% straight-line (5 years)
Vehicles	20% straight-line (5 years)

Use of Estimates

Financial statements prepared in conformity with Canadian accounting standards for not-for-profit organizations require management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. Accounts Receivable

	<u>2016</u>	<u>2015</u>
Trade	\$ (163)	\$ 10,491
Province of Manitoba	531,048	323,925
Goods and Services Tax	21,812	15,552
Employees	5,957	-
	<u>\$ 558,654</u>	<u>\$ 349,968</u>

3. Capital Assets

	<u>2016</u>		<u>2015</u>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 455,338	\$ -	\$ 455,338	\$ -
Buildings	2,190,656	390,151	2,190,656	302,525
Leasehold improvements	7,790	3,116	7,790	1,558
Computer equipment	40,821	8,164	-	-
Furnishings and equipment	191,589	167,434	178,352	159,761
Vehicle	70,651	57,771	70,651	43,641
	<u>\$ 2,956,845</u>	<u>\$ 626,636</u>	<u>\$ 2,902,787</u>	<u>\$ 507,485</u>
Cost less accumulated amortization		<u>\$ 2,330,209</u>		<u>\$ 2,395,302</u>

VISIONS OF INDEPENDENCE INC. Notes to Financial Statements

For the year ended March 31, 2016

4. Bank Line of Credit

The organization has an operating line of credit to a maximum of \$300,000 bearing interest at prime plus 1.75% (4.45% effective rate). The organization has provided a General Security Agreement providing for a first fixed and floating charge over all assets. The line of credit was unutilized at year end.

5. Jubilee Fund Loan

	2016	2015
Demand loan from Assiniboine Credit Union bearing interest at prime plus 2.0%, repayable with monthly blended payments of \$1,000, open and pre-payable without penalty; secured by registered mortgage.	\$ 31,445	\$ 41,679
Current Portion	(10,752)	(10,203)
	\$ 20,693	\$ 31,476

Principal repayment terms are approximately:

2017	\$	10,752
2018		11,268
2019		9,425
	\$	31,445

6. Long-term Debt

	2016	2015
Assiniboine Credit Union		
Mortgage repayable in monthly payments of \$1,435, including interest at 3.37%, maturing October 30, 2018 unless demanded.	\$ 227,859	\$ 237,219
Mortgage repayable in monthly payments of \$1,170, including interest at 2.92%, maturing January 15, 2018 unless demanded.	202,683	210,660
Mortgage repayable in monthly payments of \$1,570, including interest at 4.95%, maturing January 25, 2019 unless demanded.	177,684	187,437
Mortgage repayable in monthly payments of \$960, including interest at 3.17%, maturing February 1, 2020 unless demanded.	163,226	169,453
Carried forward	\$ 771,452	\$ 804,769

VISIONS OF INDEPENDENCE INC. Notes to Financial Statements

For the year ended March 31, 2016

6. Long-term Debt (continued)

	2016	2015
Brought forward	\$ 771,452	\$ 804,769
Assiniboine Credit Union (continued)		
Mortgage repayable in monthly payments of \$573, including interest at 2.724%, maturing July 1, 2020 unless demanded.	46,117	51,126
Mortgage repayable in monthly payments of \$898, including interest at 2.97%, maturing July 15, 2018 unless demanded.	110,900	118,253
Mortgage repayable in monthly payments of \$695, including interest at 3.07%, maturing January 25, 2018 unless demanded.	82,489	88,195
Mortgage repayable in monthly payments of \$695, including interest at 3.09%, maturing January 25, 2018 unless demanded.	82,489	88,195
Cambrian Credit Union		
Mortgage repayable in monthly payments of \$1,149, including interest at 4.90%, maturing June 21, 2016 unless demanded.	148,385	154,761
Mortgage repayable in monthly payments of \$625, including interest at 4.90%, maturing June 15, 2016 unless demanded.	80,760	84,231
Mortgage repayable in monthly payments of \$1,343, including interest at 4.25%, maturing October 17, 2017 unless demanded.	192,016	199,829
	1,514,608	1,589,359
Current portion of long-term debt required within 12 months	78,101	75,184
	\$ 1,436,507	\$ 1,514,175

The mortgages are secured by a first charge mortgage against their respective property.

Canadian accounting standards for not-for-profit organizations require that loans that the lender can require to be repaid on demand be classified as current liabilities even when there are agreed terms of repayment beyond one year.

VISIONS OF INDEPENDENCE INC.
Notes to Financial Statements

For the year ended March 31, 2016

6. Long-term Debt (continued)

Management does not believe the demand features of certain long-term debt will be exercised in the current period. Assuming payment of long-term debt is not demanded, regular principal repayments required on all long-term debt for the next five years and thereafter are due as follows:

2017	\$	78,101
2018		81,013
2019		84,050
2020		87,180
2021		90,489
Thereafter		<u>1,093,775</u>
	\$	<u>1,514,608</u>

7. Province of Manitoba - Department of Families

	<u>2016</u>	<u>2015</u>
Residential services	\$ 5,503,176	\$ 4,485,149
Benefits funding	-	68,489
Transportation carrier	21,882	18,702
Day program	601,424	420,469
Payroll tax reimbursed	94,003	72,763
Wage enhancement	325,786	35,876
Training funding	-	3,444
	<u>\$ 6,546,271</u>	<u>\$ 5,104,892</u>

8. Deferred Contributions

The balance represents the unamortized amount of contributions received for the purchase or acquisition of property and equipment. The amortization of contributions is recorded as revenue in the statement of operations.

	<u>2016</u>	<u>2015</u>
Balance, beginning of year	\$ 71,171	\$ -
Contributions received for the year	-	74,136
	<u>71,171</u>	<u>74,136</u>
Less amounts amortized to revenue	<u>2,965</u>	<u>2,965</u>
	<u>\$ 68,206</u>	<u>\$ 71,171</u>

VISIONS OF INDEPENDENCE INC. Notes to Financial Statements

For the year ended March 31, 2016

9. Commitments

The organization has future rental and lease commitments on properties as follows:

2017	\$	150,387
2018		150,387
2019		143,710
2020		143,710
2021		143,710

10. Pension Plan

The organization has a defined contribution registered retirement savings plan for full-time employees. The contributions are held in trust by Assiniboine Credit Union and are not recorded in these financial statements. The organization matches employee contributions at a rate of 3% of the employee salary to a maximum of \$500 per year. The expense and payments for the year ended March 31, 2016 was \$53,385 (\$10,200 in 2015). As a defined contribution registered retirement savings plan, the organization has no further liability or obligation for future contributions to fund future benefits to plan members.

11. Financial Instrument Risk

In the normal course of operations the organization is exposed to various financial risks. Management's close involvement in the operations allows for the identification of risks and variances from expectations. The organization does not meaningfully participate in the use of financial instruments to control these risks. The organization has no designated hedging transactions. The financial risks and management's risk management objectives and policies are as follows:

Credit Risk and Market Risk

Credit risk is the risk that the organization will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the organization to significant concentrations of credit risk consist primarily of cash and accounts receivable. Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. The organization is not exposed to significant credit risk as the majority of accounts receivable is from the Province of Manitoba and cash is kept in low risk investment vehicles such as chequing and savings accounts. The risks have not changed from the previous period.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate price risk to the extent that its long-term debt is at floating rates of interest. The risk has not changed from the previous period.

VISIONS OF INDEPENDENCE INC.
Notes to Financial Statements

For the year ended March 31, 2016

11. Financial Instrument Risk (continued)

Liquidity Risk

Liquidity risk is the risk that the organization will not be able to meet its obligations as they fall due. Management monitors the organization's liquidity and is of the opinion that it is unlikely that the organization will encounter difficulty in raising funds to meet commitments associated with financial instruments. The risk has not changed from the previous period.

12. Economic Dependence

The organization receives a major portion of its revenues pursuant to a funding arrangement with the Province of Manitoba.